



**California Public Employees' Retirement System**  
**Letter of Engagement # RE-6 for Contract Number 2009-5105**  
**Primary Real Estate Consulting Services**

Unless otherwise expressly altered in this Letter of Engagement, all terms and conditions of the above-noted Contract remain in full force and effect.

**A. Project Description**

The Contractor, Pension Consulting Alliance, Inc. (PCA), shall provide consulting services in connection with the above-noted contract and engagement as follows:

**STRATEGY AND POLICY ANALYSIS**

1. Review and opine on investment policies and delegations of authority.
2. Review and opine on strategic and annual plans.
3. Provide forecasts of asset class returns for total fund asset allocation purposes.
4. Provide quarterly analysis of market developments, market conditions, and macro-level view of market opportunities to the Committee.

**PERFORMANCE ANALYSIS AND MONITORING**

1. Provide guidance on performance measurement methodologies.
2. Review and opine annually on appropriateness of asset class benchmarks.
3. Prepare quarterly investment performance reports and portfolio risk and attribution analysis; monitor and report on deviations from policy benchmark performance and long-term expected performance.
4. Validate accuracy of Real Estate incentive fee calculations.

**INDEPENDENT ADVISOR TO THE INVESTMENT COMMITTEE**

1. Provide opinion to the Committee on investments above Staff's delegation of authority.

2. Evaluate whether investment transactions comply with applicable Committee policy and, if applicable, Staff's delegation of authority and provide opinion regarding compliance.
3. Perform annual reviews of major asset class sub component programs and provide opinion on performance, risk, manager selection and monitoring processes, and on internal control process and staffing.
4. Perform annual review of the program and provide opinion on performance, risk, manager selection and monitoring processes, and on internal control processes and staffing.
5. Provide independent advice to the Committee on all aspects of the program and its implementation.
6. Provide analysis and reports consistent with Policy, as directed by the Committee.
7. Special projects, as approved by the Investment Committee.

**B. Staff, Estimated Billable Hours, and Total Cost of Services**

Assigned Staff	Hourly Rate	Total Estimated Hours	Monthly Fee
PCA Staff	n/a	n/a	<b>\$95,000</b> (pro-rated for partial months if applicable)

**C. Invoices**

Invoices shall be submitted by Contractor on a monthly basis, in arrears for work performed and/ or upon final approval of deliverables by CalPERS Staff. Combined total of all invoices shall not exceed the monthly cost of \$95,000, and shall be inclusive of all travel and other expenses. All invoices shall be submitted no later than 90 days of services being rendered.

**D. Effective and Expiration Dates**

This Letter of Engagement is effective as of September 1, 2011, and shall expire on March 31, 2012, unless otherwise agreed upon between CalPERS and the Contractor through a new or amended Letter of Engagement.